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HELP SHEETS AND LEAFLETS

Help Sheets and leaflets giving more detailed information about particular tax rules for employment are available from the Orderline.

- *IR125: Using your own car or motorbike for work*
- *IR134: Income Tax and National Insurance contributions on relocation packages*
- *IR136: Income Tax and company vans - a guide for employees and employers*
- *IR145: Low-interest loans provided by employers*
- *IR161: Tax relief for employees' business travel*
- *IR175: Supplying services through a limited company or partnership*
- *IR201: Vouchers, credit cards and tokens*
- *IR202: Living accommodation*
- *IR203: Car benefits and car fuel benefits*
- *IR204: Lump sums and compensation payments*
- *IR205: Foreign Earnings Deductions for Seafarers*
- *IR206: Capital allowances for employees and office holders*
- *IR207: Non-taxable payments or benefits for employees*
- *IR208: Payslips and coding notices*
- *IR210: Assets provided for private use*
- *IR211: Employment - residence and domicile issues*
- *IR212: Tax equalisation*
- *IR213: Payments in kind - assets transferred*
- *Booklet 480: Expenses and Benefits A Tax Guide*

Filling in your Employment Pages

The word 'employment' in these Notes includes directorships, offices, and agency engagements as well as straightforward employee arrangements. 'P11D' means P11D, P9D or equivalent information.

Even though your employer has provided you with figures, you are responsible for what you put on the Employment Pages.

Gather together the material you need, such as:

- your End of Year Certificate (P60) and any leaving certificate (P45 (Part 1A)) from your employer showing pay and tax details
- your Notices of Coding (P2) for 2000-2001 and 2001-2002
- a P11D from your employer showing any benefits and expenses you have received
- details of any business expenses you have incurred.

If you had one employment during the year

Your P60 will show the total pay and tax. Your employer must give you a P60 by 31 May 2001 if tax was deducted from your pay during the year.

If you had more than one employment during the year

Provided you are employed on 5 April 2001 and tax has been deducted from your pay during the year to 5 April 2001, your employer will give you a P60 by 31 May 2001. Your P60 will show the total pay and tax in that employment and may show the total pay and tax in the year.

If you have changed employment during the year and your P60 does not have the pay and tax details from your previous employment, or there was more than one previous employment, you will need the pay and tax details for each one. You can get these from your previous payslips (or from Part 1A of the P45 handed to you on leaving each job).

If you do not have a P60 use your payslips or P45s.

Fill in a separate copy of the Employment Pages for each employment from which you received any income. Ask the Orderline for further copies, or you can use photocopies. Please put your name and tax reference on any photocopies.

General rules on taxing employment income

You must include all income received (or treated as received) in the year. But the way your income should be returned depends on whether or not you were a director during the year ended 5 April 2001.

SA101(Notes)

If you were not a director

Include in boxes 1.8 to 1.10 **all** the income you **received** as an employee in the 2000-2001 tax year even if you earned it in an earlier tax year, or you have been paid for work not yet done.

You will be treated as if you received this income on the earliest of:

- the date when the payment, or payment on account, was made, **or**
- the date you became entitled to be paid.

This is so even if you were not paid until later, or received no actual payment because you arranged for the sum due to you to be applied in some other way instead.

If you were a director

Include in boxes 1.8 to 1.10 **all** the income you **received** in 2000-2001 from a company of which you were a director (including amounts received as an employee), even if you earned them in an earlier tax year, or you have been paid for work not yet done. You should also include sums that were due to you but which, by arrangement, have been applied in some other way.

You should treat income as received on the earliest of:

- the date when payment or payment on account was made, **or**
- the date you became entitled to be paid even if you were not paid until later, **or**
- the date you became entitled to a payment on account, **or**
- the date on which amounts were credited to you in the company's accounts or records, even if you were not able to draw on the money at the time, **or**
- the date your earnings for a particular period were decided, unless it was before that period ended. In this case treat the earnings as if you received them on the last day of the period to which they relate.

■ *Special rules*

Deemed Schedule E payment

If you provide your services to clients through a company or partnership you may have been treated as receiving a deemed Schedule E payment. The rules will only apply if you would have been an employee of your client, had it not been for the existence of your company or partnership. The deemed payment is treated as income from employment with the company or partnership. It should be included in the figure in box 1.8. If you have any other income from employment with the same company or partnership you should record the total amount, including the deemed payment. PAYE tax on the deemed payment should be included in the figure in box 1.11.

Ask the Orderline for leaflet *IR175: Supplying services through a limited company or partnership* to help you find out if the rules apply to you and what to do if they do.

Not resident or not ordinarily resident

Read the note for box 1.31 on page EN6 if you:

- were not resident or not ordinarily resident in the UK in the year ended 5 April 2000 or an earlier year, and you received payment in the year ended 5 April 2001 for an employment which ended in that earlier year, **or**
- will be not resident or not ordinarily resident in the UK in the year beginning 6 April 2001 and you have received payment in the year ended 5 April 2001 for an employment which will start in a later year.

Ask the Orderline for the Non-residence Pages and *Help Sheet IR211: Employment - residence and domicile issues*. These will tell you what figure, if any, to put into box 1.31 and how to deal with the payments you have received.

Money payments

You must enter in boxes 1.8 to 1.10 the amount **before** deducting any expenses you wish to claim.

Include:

- salaries, wages, fees, commissions, overtime, bonuses, and other contractual payments for services
- any deemed Schedule E payment you are treated as receiving
- payments from third parties as a reward for services given in the employment. Examples include tips and gratuities
- voluntary payments and gifts made by your employer or by a third party, because of your employment. Some gifts made to you to mark a personal event, such as marriage, are not taxable. See *Help Sheet IR207: Non-taxable payments and benefits* for more details
- payments made by your employer or a third party as inducement payments ('golden hellos') to take up employment
- payments that are not directly for services performed but that have a direct connection with your employment. For example, a payment made solely to recognise changes in your conditions of service or employment
- lump sum payments rather than weekly or monthly amounts, paid instead of a right to employment income, or as an encouragement to continue in employment
- gross amount of any incentive award received and shown on form P443 (include any tax accounted for in box 1.11)
- sick pay
- statutory sick pay and statutory maternity pay, paid by your employer
- payment for duties performed while working for an agency
- payment from the trustees of an approved profit sharing scheme
- income from deferred remuneration plans
- payments you get for agreeing to restrict your activities, for example, agreeing not to compete with the business of your former employer
- a loan written off or cancelled by your employer, or another person, during the year, if the loan was made by reason of your employment, or if the writing off or cancellation happened because you satisfied or completed some employment condition.

Do not include:

- benefits and expenses payments received - these go in boxes 1.12 to 1.23
- lump sums paid in connection with termination of employment, retirement or death - enter these in boxes 1.27 to 1.29
- statutory sick pay and statutory maternity pay paid by the Department of Social Security - these go in box 11.7 on page 4 of your Tax Return
- details of any Working Families' Tax Credit (WFTC) or Disabled Person's Tax Credit (DPTC) from your P60 anywhere on the Employment Pages
- shares or interests in shares that you receive free or cheaply, unless PAYE has been operated - these go in the Share Schemes Pages
- sums received for transferring, cancelling, releasing, or in connection with not exercising, share options, unless PAYE has been operated - these go in the Share Schemes Pages.

We do not need to know anything about:

- donations made to a payroll giving scheme
- profit-related pay relief calculated by your UK employer in working out your pay for tax purposes
- contributions paid to your employer's pension scheme.

Do not put these anywhere in your Tax Return.

Details of employer

boxes 1.1 and 1.2 Enter your PAYE reference number (shown on your P60 or Part 1A of each P45) and employer's name.

box 1.3 Enter the date your employment started, if this was between 6 April 2000 and 5 April 2001.

box 1.4 Enter the date your employment finished, if this was between 6 April 2000 and 5 April 2001 (from Part 1A of each P45).

box 1.5 Give your employer's address.

box 1.6 Tick this box if this employment was as a director.

box 1.7 Tick this box if this employment was as a director of a close company. A close company is, broadly, one controlled by:

- five or fewer participators, **or**
- any number of participators who are directors.

'Participators' are persons who have a share or interest in the income or capital of the company, such as the shareholders and certain loan creditors.

If you don't know if you are a director of a close company, ask your Inland Revenue office or tax adviser for help.

Income from employment

Money

Enter in the appropriate boxes your pay, tips and any other money you received from your employment. There's a list of the more common items in the 'Money payments' section on page EN2. If you received a payment in connection with your employment and don't know whether to include it, ask your Inland Revenue office or tax adviser.

If you changed jobs or had more than one job at the same time fill in separate Employment Pages for each.

box 1.8 Enter in box 1.8 your **net pay after superannuation** included on your P60 (or payslips or P45 (Part 1A)) from your employer. You may need to refer to some or all of these depending on your circumstances. If you are uncertain about pay figures, ask the Orderline for *Help Sheet IR208: Payslips and coding notices*.

Your P60 will show figures for pay and tax from the employment you held at 5 April 2001. If you had more than one job or were unemployed in the year to 5 April 2001 the form may also include a second set of pay and tax details for previous employments and any Jobseeker's Allowance you received. These will be added together in the figures on your P60, so you will need to refer to other records (such as payslips, P45 (Part 1A) or statements of taxable State benefit) to work out:

- the figures for pay from the earlier employments to go in the separate Employment Pages (one set for each employment), **and**
- the figures for Jobseeker's Allowance that go in box 11.5 in your Tax Return. Make sure that you do not include figures for Jobseeker's Allowance in your Employment Pages.

If you received a lump sum payment that you have to enter in boxes 1.24 to 1.29 (for example, a redundancy payment) **and** the payment was taxed by your former employer and included in your P45 (Part 1A), make sure you deduct it from the figure in box 1.8.

If you use a limited company or partnership to provide your services to clients and you are treated as receiving a deemed Schedule E payment make sure you include it in the figure in box 1.8, together with any other income from employment with the same company or partnership.

box 1.9 Enter in box 1.9 any tips not included on your P60 (or payslips or P45 (Part 1A)).

box 1.10 Enter in box 1.10 any other money payments not included on your P60 (or payslips or P45 (Part 1A)).

box 1.11 Enter in box 1.11 any tax deducted from the amounts in boxes 1.8 to 1.10 included on your P60 (or payslips or P45 (Part 1A)). If you are uncertain about tax figures, ask the Orderline for *Help Sheet IR208: Payslips and coding notices*. Do not include any foreign tax paid in this box. If tax has been deducted or paid in another country, please read the note for box 1.38 'Foreign tax'. If your P45 (Part 1A) or P60 shows tax refunded for this employment, enter the amount in brackets.

If you left an employment and then received a tax repayment from us or the DSS Benefits Agency, please enter in box 1.11 the figure of tax deducted shown on the P45 (Part 1A) handed to you when you left that employment. Enter the amount repaid in box 20.1 on page 7 of your Tax Return. Use the P60 or P45 figure for box 1.11 even if you have made an adjustment in box 1.8 because you need to complete boxes 1.24 to 1.29.

If you have included a deemed Schedule E payment in box 1.8, include the PAYE tax on it, together with any other tax deducted, in box 1.11.

Benefits and expenses

General rules on boxes 1.12 to 1.23

Boxes 1.12 to 1.15 apply to everybody.

Fill them in as appropriate. See the notes on page EN4.

Boxes 1.16 to 1.23 apply only if:

- you were a director, **or**
- your earnings from your employment were at a rate of £8,500 a year or more (including benefits and expenses).

If boxes 1.16 to 1.23 apply to you, enter the taxable amount of any benefit or expense in the appropriate box. The taxable amount of a benefit is called the 'cash equivalent'. This will be on the P11D, which your employer should have given you (see below).

The benefits you may get include:

- interest-free or low-interest loans provided to family members, **and**
- any other benefits, that are provided to members of your family or household.

Only enter in boxes 1.16 to 1.23 amounts you have not included elsewhere.

Some of the terms used above have a particular meaning for tax purposes. For example, 'at a rate of £8,500 a year or more', 'family members', 'members of your family or household', and 'director'. More information about this is in booklet 480, *Expenses and Benefits A Tax Guide* available from the Orderline. Booklet 480 contains other help on benefits and expenses.

Form P11D

Your employer is required to send us details of:

- all taxable benefits provided to you by reason of your employment, **and**
- taxable expenses paid to you.

The details are provided on the P11D. Your employer must give you a copy of this (or the information it contains) by 6 July 2001. But even though your employer has provided you with figures, you are responsible for what you enter on your Employment Pages.

The details you get will not include any items for which your employer has a **dispensation** or makes a **PAYE settlement agreement**. You do not need to tell us about these items.

A **dispensation** is an arrangement your employer may have made with us. It saves you having to include as income a benefit or expenses payment from your employer, and then having to make a matching claim for the allowable expenses you incurred.

A **PAYE settlement agreement** is an arrangement by which your employer can settle your Income Tax liability on minor benefits in kind and expenses payments.

If you are in any doubt about any dispensation or PAYE settlement agreement applying to you, your employer may be able to help. You may also find that the details you get from your employer do not include some items that you think may need to be returned as benefits. The reason for this is likely to be that the items are exempt from tax either by law, or by virtue of an extra-statutory concession. If you have any doubt about any items ask the Orderline for *Help Sheet IR207: Non-taxable payments or benefits for employees.*

- Assets transferred and payments made for you

box 1.12 The payments and payments in kind you should enter in box 1.12 fall into two broad categories.

Assets transferred by an employer

If an employer gives you something, like a television, that you can sell, include the amount it can be sold for, (that is, its second-hand value) even if you don't actually sell it.

If you were a director or your earnings from your employment were at a rate of £8,500 or more a year (including benefits and expenses) the value to be used for a payment in kind may be more than its second-hand value. An example would be your employer giving or selling you an unused item from stock. If so, the figure on your P11D should be the greater of the cost of the item to your employer and its second-hand value, *minus* in either case the amount (if any) you paid for it. Put this (higher) figure in box 1.12. For information on other exceptional cases where the P11D figure may be higher than the second-hand value see *Help Sheet IR213: Payments in kind - assets transferred*, available from the Orderline.

Anything (other than a car, dealt with in boxes 1.16 and 1.17) that you can give up immediately or at short notice in return for a higher cash wage is also a payment in kind (for example, board and lodging), and you should enter the cash alternative in box 1.12 as a payment in kind. Where living accommodation can be given up, *Help Sheet IR202: Living accommodation* explains how to calculate the figure to enter in box 1.12.

Payment made on your behalf by the employer

Your employer may pay on your behalf a payment that you are due to make. This should be shown on your P11D. For example:

- your rent paid direct to your landlord
- your personal credit card bill paid direct to the credit card company
- your tax.

Enter any payments of this kind in box 1.12.

PAYE tax paid by an employer, which is not effectively borne by you

If you receive pay in non cash form, or from an intermediary, your employer may pay tax under PAYE on your behalf. If the tax under PAYE exceeds any cash payment due to you for that pay period, your employers cannot deduct all the tax due on the non cash items from your pay. If this happens, and you do not account for the PAYE tax to your employer within 30 days of receiving the pay, include the amount of tax paid by your employer in box 1.12. Get the figure from the P11D.

- Vouchers, credit cards and tokens

box 1.13 Your employment income includes the value of:

- any vouchers, **and**
- any goods or services obtained with a credit card or credit token, that you (or your family or household) get by reason of your employment. Your employer should have given you a figure for the value. If you want to check the figures or work them out yourself, ask the Orderline for *Help Sheet IR201: Vouchers, credit cards and tokens*; this will also tell you which vouchers are not taxable.

If you used the vouchers or credit card to meet expenses of your job, enter in box 1.13 the value before any deduction and claim a deduction for allowable expenses in the appropriate box (boxes 1.32 to 1.35) after reading the notes on those boxes.

- Living accommodation

box 1.14 Enter in box 1.14 the value of any living accommodation you (or your family or household) get by reason of your employment. Your employer should have given you a figure for this. If you want to check it, or require further information, ask the Orderline for *Help Sheet IR202: Living accommodation.* The Help Sheet also tells you when living accommodation provided by your employer is exempt from tax and how to claim a deduction if part of the accommodation is used exclusively for business purposes.

- Mileage allowance - your own transport

box 1.15 If your employer pays you an allowance for using your own car, motorbike or bicycle for business journeys, the amount you receive may be more than the amount of the tax relief you can claim. The extra is a taxable profit; enter this in box 1.15. If the amount you receive is less than the amount of the tax relief, the excess can be entered in box 1.32. The notes for box 1.32 (on page EN7) tell you how to work out the tax relief you can set off against mileage allowance.

If you use your own car your employer may have an arrangement with us called a Fixed Profit Car Scheme. If so, your employer will give you either:

- the profit figure for the use of your car to be entered in box 1.15, **or**
- both the mileage allowance paid to you in the year and the number of business miles for which the payments were made.

More information about this, and about motor expenses, is in leaflet *IR125: Using your own car or motorbike for work*, available from the Orderline.

- Car and car fuel benefits

boxes 1.16 and 1.17 Enter in box 1.16 the cash equivalent of cars made available to you (or to members of your family or household) for private use. Your employer should give you a figure. Check it is adjusted to reflect business mileage. You will also be given the figure for the benefit of fuel provided for private travel in a car made available to you. Enter this in box 1.17.

If you want to check your employer's figures, please ask the Orderline for *Help Sheet IR203: Car benefits and car fuel benefits*.

If you use your own private car for travelling in the performance of your duties or to a temporary workplace you have to attend to perform your duties, see the notes on boxes 1.15 and 1.32.

Enter in box 1.22 the benefit of any chauffeur provided by reason of your employment.

- Vans

box 1.18 Enter in box 1.18 the total of the cash equivalents of all vans made available to you for private use. Your employer should have given you details. If you had only one van and it was available exclusively to you throughout the year, the cash equivalent is:

- £500 if it was first registered on or after 6 April 1997, **or**
- £350 otherwise,

reduced in either case by any payment you have to make as a condition of being able to use it privately.

If the van was first provided exclusively to you part-way through the tax year, or stopped being exclusively provided before the end of the tax year, reduce the standard charge proportionately. For example, if you had exclusive use of the van for the last six months of the year, enter half of the standard charge.

For more information about the taxation of vans shared with others, or company vans generally, ask the Orderline for leaflet *IR136: Income Tax and company vans - a guide for employees and employers.*

- Interest-free and low-interest loans

box 1.19 Enter in box 1.19 the cash equivalent of any interest-free or low-interest loan. Your employer should have given you this. If you want to check it, or need more information ask the Orderline for leaflet *IR145: Low-interest loans provided by employers.*

- Private medical or dental insurance

box 1.21 Enter in box 1.21 the total cash equivalent of any private medical or other health insurance you get by reason of your employment. Your employer should have given you details; generally it's the cost to the person who provided it to you (*minus* any amount you paid to that person).

- Other benefits

box 1.22 The benefits in boxes 1.12 to 1.21 are the most common. Enter in box 1.22 the total cash equivalents of any other benefits from your employer not already included elsewhere. The Working Sheet opposite will help you get the total.

If your employer has made payments for you to an unapproved retirement benefit scheme, or you have received payments from an unapproved retirement benefit scheme, do not enter these in box 1.22. See the notes on boxes 1.24 to 1.29 on page EN6.

Cash equivalents of other benefits

Cash equivalents are arrived at in different ways, according to the type of benefit.

Assets (other than land, cars, vans and mobile phones) provided for private use. Where the asset has been available throughout the year, the cash equivalent will generally be based on:

- 20% of its market value when it was first used to provide a benefit, **plus**
- expenses (other than the cost) that would have been paid had the benefit not been provided.

But if that total represents benefits provided for more than one employee, the cash equivalent for each of you will be based on a proportion of the total. The cash equivalent is reduced by any amount made good to the provider in return for the benefit. For more information, ask your Inland Revenue office or tax adviser.

Income tax paid but not deducted (for directors only). The benefit is the amount of tax paid.

All other benefits. The cash equivalent will generally be what the benefit cost the person who provided it (*minus* any amount made good to that person). But if that amount represents benefits provided for more than one employee, the cash equivalent for each will be based on a proper proportion of the whole amount. For more information see booklet 480, *Expenses and Benefits A Tax Guide* available from the Orderline.

Certain share benefits

Some benefits in the nature of shares or share options will be shown on your P11D: for example, if your employer has enabled you to sell shares for more than their market value. Enter the taxable amount in box 1.22.

If the share benefits are not shown on your P11D, or only shown by a tick, you may need to fill in the Share Schemes Pages. Check the notes on page 6 of your Tax Return Guide and ask the Orderline for a copy of the Pages if you need them.

Working Sheet for box 1.22

• Qualifying relocation expenses payments and benefits (see below)		£
• Services supplied		£
• Assets provided for private use		£
• Subscriptions and professional fees		£
• Income Tax paid (but not deducted) (directors only)		£
• Nursery places provided (in some circumstances this benefit is **not** taxable - see booklet 480)		£
• Educational assistance provided (in some circumstances this benefit is **not** taxable - see booklet 480)		£
• All other benefits		£
Total	**A**	£

Copy the figure in box A to box 1.22 in your Employment Pages.

Relocation packages

When you move house any payments you receive from, or any goods or services provided to you by, your employer are part of your taxable earnings. However, if you move house for your job and meet certain conditions, the first £8,000 of any help you receive is exempt from tax.

When filling in the Employment Pages, remember that:

- the £8,000 limit applies to the move as a whole and is **not** a limit for each tax year, **and**
- your employer is required to tell us about the excess of any relocation expenses and benefits over the £8,000 limit.

Your employer should give you details of the amount to include in your entry in box 1.22. More detailed information about relocation packages is in leaflet *IR134: Income Tax and National Insurance contributions on relocation packages,* available from the Orderline.

- Expenses payments received and balancing charges

box 1.23 You should enter in box 1.23 the **total** payments or reimbursements made to you and any balancing charges.

Expenses payments received

Your employer should give you details. The notes on boxes 1.32 to 1.35 will tell you if you can claim a deduction for all or any of these. **If your employer has a dispensation** for 2000-2001 do not enter expenses covered by it either in box 1.23 or in boxes 1.32 to 1.35

Expenses payments fall into three main areas:

- **Travelling and subsistence payments**. Enter the amounts you have received for fares, hotels, meals, etc. including travel between home and a permanent workplace. Do not include,

- payments or reimbursements of expenses in connection with **company cars or vans** (for example, a mileage allowance for business miles that does no more than cover the cost of the fuel used on business journeys), **or**
- expenses for travel in a **car(s) not provided by your employer** (see the note on box 1.15 on page EN4).

- **Entertainment**. Enter the total amount paid to you, **or** for your benefit, exclusively for entertaining as shown in box 1.23 of form P11D provided by your employer. Include,
  - all sums reimbursed
  - any round sum allowances
  - specific entertainment allowances
  - any sums paid to third parties.
- **General expenses allowance(s)**. Enter the amount of the allowance(s).

If you want more information about expenses, ask the Orderline for a copy of booklet 480, *Expenses and Benefits A Tax Guide*.

Balancing charges

If you have disposed of an asset for which you have claimed capital allowances, enter any balancing charge in box 1.23. If you need details, ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders*. For cars and motorbikes, ask for leaflet *IR125: Using your own car or motorbike for work*.

Working Sheet for box 1.23

• Travelling and subsistence payments		£
• Entertainment		£
• General expense allowance for business travel		£
• Non-qualifying relocation expenses (those not included in box 1.22)		£
• Other expenses		£
• Balancing charges		£
Total	**A**	£

Copy the figure in box A to box 1.23 in your Employment Pages.

Lump sums and compensation payments or benefits including such payments and benefits from a former employer

boxes 1.24 to 1.29 Different rules apply to different types of these payments or benefits, so it is important to apply the correct rules. If all you want to enter here is a redundancy payment against which your employer allowed an exemption from tax of up to £30,000, do this by entering:

- the amount of the payment *minus* the exemption in box 1.29, **and**
- the amount of the exemption in box 1.24.

For example, if your redundancy payment was £7,500 it would be covered by exemption so leave box 1.29 blank and enter £7,500 in box 1.24. It is only an entry in box 1.29 which is used in the tax calculation. But if the payment was £40,000, enter £10,000 in box 1.29 (£40,000 *minus* the maximum exemption £30,000) and £30,000 in box 1.24.

Do not forget to fill in box 1.30, but leave it blank if you have already entered the tax deducted from the payment (if any) in box 1.11.

But in any other circumstances you must complete *Help Sheet IR204: Lump sums and compensation payments* available from the Orderline, before filling in these boxes. In particular you should complete the Help Sheet if:

- what you received included items such as back pay, holiday pay, payments in lieu of notice, **or**
- non cash items were part of the settlement, **or**
- any exemption other than the £30,000 general exemption is involved, **or**
- compensation other than for redundancy is involved, **or**
- there will be further payments or benefits made after 5 April 2001 from the same employment termination, **or**
- you have received other sums on termination of employment from the same employer or another employer associated with that employment at any time, **or**
- you received a lump sum from an unapproved retirement benefits scheme, **or**
- your employer contributed to an unapproved retirement benefits scheme.

box 1.30 Enter tax deducted from lump sums and compensation payments.

Foreign earnings not taxable in the UK in the year ended 5 April 2001

In certain circumstances you may not be required to complete the Employment Pages. See the notes on page 6, Question 1 in the Tax Return Guide and page NRN8 of the Notes on Non-residence etc.

box 1.31 Use *Help Sheet IR211: Employment - residence and domicile issues* to work out the figure to go in box 1.31 if:

- you have completed the Non-residence Pages to claim non-residence or non-domicile treatment for the 2000-2001 tax year, or split-year treatment for that year (if you were not resident for part of the year), **or**
- you made such a claim in a previous year, and have included income earned in that year in the Employment Pages, **or**
- you have included income that relates to a later year and you think that you will be claiming non-residence or non-domicile treatment for that later year, **or**
- you received income in a foreign country that you could not bring to the UK because of exchange controls or a shortage of foreign currency in that country.

The Help Sheet will help you work out that part of your income and receipts which is not liable to UK Income Tax in the year ended 5 April 2001. Liability may however arise, in earlier or later years, for all or part of this sum. It is also possible that you may be liable to income tax in another country on all or part of this sum. See also the notes on Foreign Earnings Deduction on page EN8.

Expenses you incurred in doing your job

This section explains the rules for claiming:

- travelling and other costs you had to meet in doing your job or travelling to a temporary workplace, **and**
- other **necessary** expenses incurred **solely** in doing your job.

If your employer has a dispensation for 2000-2001 you must not claim any expenses that you paid if:

- you can claim them back from your employer, **and**
- the expenses are covered by a dispensation. See 'Benefits and expenses' on page EN3.

However, if you have incurred allowable expenditure over and above the amount covered by the dispensation you may claim a deduction for the excess.

If you do not know whether your employer has a dispensation, ask for details.

- Travel and subsistence costs

box 1.32 You can claim for the expenses of travelling on business journeys - whether in the UK or abroad - as well as the related costs of accommodation and meals.

Business journeys

There are two kinds of journey that qualify as business journeys:

- a journey which involves travelling from one place of work to another for the same employment. This includes travelling between a permanent workplace and a temporary workplace.
- a journey you make to or from a workplace you have to attend to carry out the duties of your employment - but not if the journey is ordinary commuting or private travel.

Ordinary commuting is travel between your home, or any other place you go to for personal reasons, and a permanent workplace. You are not entitled to a deduction for the cost of ordinary commuting - or for a journey which is for practical purposes substantially ordinary commuting (broadly the same direction and broadly the same length) except in unusual circumstances. If you're not sure ask your Inland Revenue office or tax adviser. If you have not already established a claim for journeys between your home and a permanent workplace you should ask your Inland Revenue office **before** making a claim here. The notes below explain what is a permanent workplace.

Private travel is any travel where the purpose is private rather than business. You are not entitled to a deduction for the cost of private travel.

A permanent workplace is a workplace you go to regularly which is not a temporary workplace and includes the base from which you carry out your duties or where the daily tasks you carry out are allocated. Some employees do not have a permanent workplace and some may have more than one. Occasional attendance at a second workplace is unlikely to mean that you have two permanent workplaces.

A temporary workplace is a workplace you go to to carry out a task of limited duration or for some other temporary purpose. You are entitled to a deduction for the cost of travelling between your home and a temporary workplace you have to go to, to carry out your duties.

A workplace will not be a temporary workplace if you go to it, or expect to go to it to carry out a significant part of your duties:

- for more than 24 months, **or**
- for less than 24 months if that is the whole period of your employment.

Travelling may be your job. For example, you may be a travelling salesperson with no permanent workplace who usually visits several places of work each day. You can claim a deduction for travelling and related meal and accommodation costs you have to meet in doing your job from the time you leave home. But if your duties are determined by a geographical area and you live outside that area, you cannot claim a deduction for the cost of travelling between home and the edge of that area. If you are not sure, ask your Inland Revenue office.

Business travel expenses

If you have business travel expenses because you use your own car, motorbike or bicycle and your employer pays you an allowance, see the note on box 1.15 on page EN4.

If your employer does not pay you an allowance, you can claim a deduction for the allowable travel expenses. There are two ways of calculating the amount of tax relief:

- the exact basis
- the simpler basis.

Travel expenses - the exact basis

The allowable travel expenses are the cost of fuel used on business journeys plus the business proportion of other costs such as maintenance, repairs and replacement parts, insurance and vehicle excise duty (road tax). The business proportion is calculated by reference to the business and total miles travelled in the year using that vehicle.

You must keep records of all your travel expenses to support this claim, as well as details of your business and private mileage using the vehicle during the year.

You will also be able to make a claim for capital allowances. If you want to work out your allowable travel expenses and capital allowances for your car or motorbike, ask the Orderline for leaflet *IR125: Using your own car or motorbike for work*. If you want to work out your capital allowances for your bicycle, ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders*.

Travel expenses - the simpler basis

If you prefer, you can work out your allowable travel expenses using the simpler basis. You cannot claim capital allowances if you use this method, because the figures below already allow for capital depreciation.

If you choose this method, you need only keep a record of your total business mileage for each vehicle in the year and, if you use your car, a note of the car's engine size.

You can use the following amounts:

Car

Car engine size	Up to 4,000 business miles (pence per mile)	Over 4,000 business miles (pence per mile)
Up to I ,000cc	28	17
1,001 - 1,500cc	35	20
1,501 - 2,000cc	45	25
Over 2,000cc	63	36

Example

You travelled 6,000 business miles. Your car has a 1,600cc engine. Your allowable costs are:

4,000 miles at 45 pence	£1,800
2,000 miles at 25 pence	£500
Total	£2,300

Motorbike

24 pence per mile, regardless of engine size or distance travelled.

Bicycle

12 pence per mile, regardless of distance travelled.

Claiming relief

There are special rules if you are resident and ordinarily resident in the UK but work wholly or partly abroad, or you are an employee who is domiciled outside the UK coming to work in the UK. If you need information about these, ask your Inland Revenue office.

If you received travel and subsistence payments as part of a relocation package, see the notes on box 1.22.

Once you decide the expenses you wish to claim, add together:

- all the allowable travel costs. If you have received any mileage allowance, include **only the excess** of any allowable expenses over your allowance - ask the Orderline for leaflet *IR125: Using your own car or motorbike for work*, which contains a working sheet to work out the excess for cars
- the accommodation/meal costs on business journeys

- the other business expenses related to business journeys (for example, business telephone calls and fax/photocopying costs). They do not include the cost of personal items such as telephone calls home, daily newspapers and personal laundry.

Then:

- enter the total in box 1.32, **and**
- tick box 1.36, if box 1.32 **includes** expenses of travelling between home and a permanent workplace.

Keep any record of amounts paid and any receipts/vouchers in case we ask for them. Do not send them with your Tax Return.

• Fixed deductions for expenses

box 1.33 Fixed deductions are amounts of expenses we agree with the relevant trade unions or other bodies to cover the cost of maintaining or replacing tools or special working clothes. Enter these in box 1.33. If you do not wish to claim a fixed deduction, you should leave box 1.33 blank and total the amount you have spent on these items and include them as part of your 'other expenses' in box 1.35.

If your tax code included an adjustment for expenses of an earlier year please contact your Inland Revenue office.

• Professional fees and subscriptions

box 1.34 You may be entitled to a deduction for:

- certain fees you must pay to carry on your profession, **or**
- annual subscriptions to professional bodies that are approved by us and are relevant to your work.

The professional body can tell you how much you may deduct. Enter the amount in box 1.34.

• Other expenses and capital allowances

box 1.35 You can claim only the necessary expenses you incur solely in doing your work. Necessary expenses are those which each and every person doing your job would have to meet. The expenses have to be incurred in actually carrying out the duties of the job. So for instance, expenses that put you in a position to do your job, rather than carrying it out, are not allowable.

If your tax code included an adjustment for expenses of an earlier year please contact your Inland Revenue office.

Entertaining expenses - special rules for employees of trading concerns

If you work for a trading concern you cannot claim a deduction for business entertaining expenses unless:

- your employer has put a tick in the box against 'entertainment' on form P11D (an 'X' in the box against 'entertainment' means that you cannot claim a deduction in your self assessment for expenditure on business entertaining), **and**
- the business entertaining expenses that you claim were necessarily incurred in carrying out the duties of your job, **and**
- your employer meets the expenses either by reimbursing them to you or by paying you an allowance specifically for entertaining. The deduction you claim must not exceed the amount paid to you by your employer.

If you need more information about entertaining expenses ask the Orderline for a copy of booklet 480, *Expenses and Benefits A Tax Guide*.

Other expenses

Most of the expenses that you can claim have been covered in boxes 1.32 to 1.34. Exceptionally, you may be able to claim for other expenses. You may have already agreed previous claims with us on other items in the past. If so, you should work out the amount of allowable expenses on the agreed basis.

You may be able to claim relief for expenses paid by you or your employer for:

- insuring you against claims relating to actual or alleged wrongful acts committed by you as an employee, **or**
- uninsured costs arising from such actual or alleged acts.

If you do not know what to claim, ask your Inland Revenue office or tax adviser before you fill in box 1.35.

Include:

- any expenses for the upkeep of tools and special clothing that are not fixed (that is, not included in box 1.33)
- the business proportion of any benefit you have included in full in box 1.22.

Capital allowances

You may be entitled to capital allowances for the cost of equipment or machinery you use in your employment. Ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders* for details. You can also get capital allowances for a car, motorbike or a bicycle, that you use for work (see the note 'Travel expenses - the exact basis' on page EN7).

You cannot claim capital allowances on your car, motorbike, or bicycle, if you receive a mileage allowance and any profit has been dealt with in the way described in the notes on box 1.15. This is because the figures used in those calculations include an amount for capital allowances.

• Travel between your home and a permanent workplace

box 1.36 Tick box 1.36 if box 1.32 includes expenses of travelling between your home and a permanent workplace.

■ *Foreign Earnings Deduction*

box 1.37 The Foreign Earnings Deduction was withdrawn, from 17 March 1998, from all employees except seafarers. A seafarer is 'someone who performs their employment duties on a ship'. 'Ship' is given its everyday meaning, however, 'offshore installations' used in the offshore oil and gas industry are not regarded as 'ships'. Workers on mobile rigs are not 'seafarers' and may not claim the Deduction.

If you think you can claim, ask the Orderline for *Help Sheet IR205*.

■ *Foreign tax for which tax credit relief not claimed*

box 1.38 To claim tax credit relief, ask the Orderline for the Foreign Pages, and leave box 1.38 blank.

If you do not want to claim tax credit relief, enter in box 1.38 the amount of any foreign tax you have paid on your employment income.

Student Loans

■ *Student Loans repaid by deduction by employer*

box 1.39 Enter in box 1.39 the amount of Student Loan repayments deducted by your employer and included on your P60 or payslips. The P60 does not include Student Loan repayments deducted by any previous employer. So if you had more than one employment in the year you must use your payslips, in addition to the P60, to work out the figures to go in box 1.39 on each set of Employment Pages you fill in.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.